

VILLAGE OF BONITA, LOUISIANA
BONITA, LOUISIANA

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of And for The Year Ended June 30, 2012**

BY

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 07 2012

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VILLAGE OF BONITA, LOUISIANA
Bonita, Louisiana

**Financial Statements
and Independent Auditor's Report
With Supplemental Information
As of and for the Year Ended June 30, 2012**

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Village of Bonita, Louisiana
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VILLAGE OF BONITA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT:

The annual report consists of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 8. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds.

FINANCIAL HIGHLIGHTS:

- Net assets decreased in governmental activities by \$21,480 and net assets decreased by \$63,446 in business-type activities, which include sewer and water funds. The decrease in governmental activities was due primarily to a decrease in Village's sales tax revenue and increase in public safety expenses. The decrease in net assets of the business-type activities was primarily due to depreciation expense, a non-cash operating expense.
- The Village had overall revenue from governmental activities of \$151,614 and revenue from business-type activities of \$115,205 for total revenue for the fiscal year of \$266,819. Revenue increased in governmental activities from the prior year by \$8,158 and decreased in business-type activities from the prior year by \$8,226.
- The Village had overall expenses from governmental activities of \$177,664 expenses from business-type activities of \$174,081 for a total expense for the year of \$351,745. Expenses increased in governmental activities from the prior year by \$17,437 and decreased in business-type activities from the prior year by \$1,667.
- The general fund operated with an excess of expenditures over revenues of \$21,480.
- In the business-type activities-enterprise funds, the water and sewer fund had a net loss of \$63,446.
- The water and sewer fund had a positive cash flow of \$18,407 from operating activities.
- The Village's general fund budget reflects a 15% unfavorable expenditure variance of \$23,554. The general fund reflects a 9% favorable revenue budget variance of \$13,814.

Village of Bonita, Louisiana
Management's Discussion And Analysis (Continued)

- The Village of Bonita, Louisiana received assistance from Louisiana Local Government Assistance Program, and State of Louisiana Division of Administration Office of the Commissioner (CWEF) in the form of grants and reimbursements totaling \$10,989. The funds were used to purchase a vehicle and for repairs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Floyd Baker at the Village of Bonita, Louisiana telephone number (318) 823-2128.



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Independent Auditor's Report

The Honorable Floyd Baker, Mayor
And Members of the Board of Aldermen
Bonita, Louisiana

I have audited the accompanying financial statements of the governmental activities and the business-type activities of Village of Bonita, Louisiana, as of and for the year ended June 30, 2012 which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Bonita, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the business-type activities of Village of Bonita, Louisiana, as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 11, 2012, on my consideration of the Village of Bonita, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Village of Bonita, Louisiana
Independent Auditor's Report (Continued)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 2 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Bonita, Louisiana's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
September 11, 2012



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**Independent Auditor's Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

The Honorable Floyd Baker, Mayor
And Members of the Board of Alderman
Bonita, Louisiana

I have audited the financial statements of the governmental activities and the business-type activities of the Village of Bonita, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Village of Bonita, Louisiana's basic financial statements and have issued my report thereon dated September 11, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Bonita, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Bonita, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village of Bonita, Louisiana's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as item *Finding 2012-1*

Village of Bonita, Louisiana

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Bonita, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item *Finding 2012-2*

The Village of Bonita, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Village of Bonita, Louisiana's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, Village Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rosie D. Harper
Certified Public Accountant

Monroe, Louisiana
September 11, 2012

BASIC FINANCIAL STATEMENTS

VILLAGE OF BONITA, LOUISIANA

Statement A

Statement of Net Assets
June 30, 2012

	Primary Government				
	Governmental Activities	Business-Type Activities			
		Sewer	Water	Total Business- Type Activities	Total
Assets					
Cash	\$ 7,079	\$ 4,688	\$ 4,249	\$ 8,937	\$ 16,016
Receivables	2,410	-	10,466	10,466	12,876
Restricted Assets					
Cash & Cash Equivalents	46,569	28,656	14,947	43,603	90,172
Investments	-	-	11,768	11,768	11,768
Capital Assets (Net of Accumulated Depreciation)	493,055	564,002	950,840	1,514,842	2,007,897
Total Assets	549,113	597,346	992,270	1,589,616	2,138,729
Liabilities					
Current Liabilities					
Accrued Liabilities	5,269	-	357	357	5,626
Current Portion of Long-Term Debt	4,000	4,000	-	4,000	8,000
Bond Interest Payable	1,200	1,200	-	1,200	2,400
Total Current Liabilities	10,469	5,200	357	5,557	16,026
Non-current Liabilities					
Meter Deposits	-	-	14,076	14,076	14,076
Bonds Payable	16,000	16,000	-	16,000	32,000
Total Non-current Liabilities	16,000	16,000	14,076	30,076	46,076
Total Liabilities	26,469	21,200	14,433	35,633	62,102
Net Assets					
Invested in Capital Assets Net of Related Debt	473,055	544,002	950,840	1,494,842	1,967,897
Restricted for Debt Service	20,000	20,000	-	20,000	40,000
Unrestricted	29,589	12,144	26,997	39,141	68,730
Total Net Assets	\$ 522,644	\$ 576,146	\$ 977,837	\$ 1,553,983	2,076,627

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement B

Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues					Net (Expenses) Revenues and Changes in Net Assets				
	Primary Government					Primary Government				
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Sewer	Business-Type Activities Water	Total	Total All Funds		
Primary Government										
Governmental Activities										
General Government	\$ 90,704	\$ -	\$ -	\$ (90,704)	\$ -	\$ -	\$ -	\$ -	\$ (90,704)	
Public Safety	85,960	-	-	(85,960)	-	-	-	-	(85,960)	
Interest on Long-Term Debt	1,000	-	-	(1,000)	-	-	-	-	(1,000)	
Total Governmental Activities	<u>177,664</u>	<u>-</u>	<u>-</u>	<u>(177,664)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(177,664)</u>	
Business Type Activities										
Sewer	44,420	23,846	-	-	(20,574)	-	(20,574)	\$ (20,574)		
Water	128,661	79,879	-	-	-	(48,782)	(48,782)	\$ (48,782)		
Grants	-	10,989	-	-	-	10,989	10,989	\$ 10,989		
Interest on Long-Term Debt	1,000	-	-	-	(1,000)	-	(1,000)	(1,000)		
Total Business Type Activities	<u>174,081</u>	<u>114,714</u>	<u>-</u>	<u>-</u>	<u>(21,574)</u>	<u>(37,793)</u>	<u>(59,367)</u>	<u>(59,367)</u>		
Total Primary Government	<u>\$ 351,745</u>	<u>\$ 114,714</u>	<u>\$ -</u>	<u>\$ (177,664)</u>	<u>\$ (21,574)</u>	<u>\$ (37,793)</u>	<u>\$ (59,367)</u>	<u>\$ (237,031)</u>		
General Revenues										
Taxes										
Property Taxes Levied for General Purposes				9,454	-	-	-	-	9,454	
Property Taxes Levied for Debt Service				11,940	-	-	-	-	11,940	
Beer Taxes				215	-	-	-	-	215	
Franchise Tax				5,119	-	-	-	-	5,119	
Sales Taxes				24,872	-	-	-	-	24,872	
Fines				80,122	-	-	-	-	80,122	
Licenses and Permits				11,251	-	-	-	-	11,251	
Investment Earnings				-	81	140	221	221	221	
Intergovernmental				6,000	-	-	-	-	6,000	
Other Revenue				2,641	50	220	270	270	2,911	
Transfers In (Out)				4,570	(3,754)	(816)	(4,570)	-	-	
Total General Revenues				<u>156,184</u>	<u>(3,623)</u>	<u>(456)</u>	<u>(4,079)</u>	<u>152,105</u>		
Increase (decrease) in Unrestricted Net assets				(21,480)	(25,197)	(38,249)	(63,446)	(84,926)		
Net Assets-July 1, 2011				546,031	601,332	1,016,188	1,617,520	2,163,551		
Prior Period Adjustment				(1,907)	11	(102)	(91)	(1,998)		
Net Assets-June 30, 2012				<u>\$ 522,644</u>	<u>\$ 576,146</u>	<u>\$ 977,837</u>	<u>\$ 1,553,983</u>	<u>\$ 2,076,627</u>		

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement C

Balance Sheet
Governmental Funds
June 30, 2012

	General Fund
Assets	
Cash	\$ 53,648
Receivables (net)	<u>2,410</u>
Total Assets	<u>56,058</u>
Liabilities and Fund Balances	
Liabilities	
Accrued Liabilities	<u>5,269</u>
Total Liabilities	<u>5,269</u>
Fund Balances	
Unrestricted	
Unassigned	<u>50,789</u>
Total Fund Balances	<u>50,789</u>
Total Liabilities and Fund Balances	<u>\$ 56,058</u>

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement D

Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
June 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets are different because

Fund Balance, Total Governmental Funds (Statement C)	\$	50,789
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		493,055
Long-term liabilities including bonds payable are not due payable in the current period and, therefore, are not reported in the governmental funds		
Other		(21,200)
Net Assets of Governmental Activities (Statement A)	\$	<u>522,644</u>

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2012

	<u>General Fund</u>
Revenues	
Property Taxes	\$ 21,394
Beer Taxes	215
Franchise Taxes	5,119
Sales Taxes	24,872
Licenses and Permits	11,251
Fines	80,122
Intergovernmental	6,000
Miscellaneous	2,641
Total Revenues	<u>151,614</u>
Expenditures	
Current	
General Government	70,194
Public Safety	85,960
Debt Service	
Principal	4,000
Interest	1,200
Total Expenditures	<u>161,354</u>
Excess of Revenues Over Expenditures	<u>(9,740)</u>
Other Financing Sources	
Interfund Transfers In	<u>4,570</u>
Total Other Financing Sources	<u>4,570</u>
Net Change in Fund Balances	<u>(5,170)</u>
Fund Balances-July 1, 2011	<u>57,866</u>
Prior Period Adjustment	<u>(1,907)</u>
Fund Balances-June 30, 2012	<u><u>\$ 50,789</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement F

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Year Ended June 30, 2012

Amounts reported for governmental activities in the Statement of Activities are different because

Net Change in Fund Balances, Total governmental Funds, Statement E	\$	(5,170)
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The issuance of long-term debt (bonds, leases, etc) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	4,200
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	<u>(20,510)</u>
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Changes in Net Assets of Governmental Activities, Statement B	<u>\$</u>	<u>(21,480)</u>
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See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement G

Statement of Fund Net Assets
Proprietary Fund
June 30, 2012

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Assets			
Current and Accrued Assets			
Cash	\$ 4,688	\$ 4,249	\$ 8,937
Customer Accounts Receivable	-	10,466	10,466
Total Current and Accrued Assets	<u>4,688</u>	<u>14,715</u>	<u>19,403</u>
Restricted Assets			
Cash	28,656	14,947	43,603
Investments	-	11,768	11,768
Total Restricted Assets	<u>28,656</u>	<u>26,715</u>	<u>55,371</u>
Utility Plant			
Capital Assets Net of Accumulated Depreciation	<u>564,002</u>	<u>950,840</u>	<u>1,514,842</u>
Net Utility Plant	<u>564,002</u>	<u>950,840</u>	<u>1,514,842</u>
Total Assets	<u>597,346</u>	<u>992,270</u>	<u>1,589,616</u>
Liabilities			
Current Liabilities			
Accrued Liabilities	-	357	357
Current Portion of Bonds Payable	4,000	-	4,000
Bond Interest Payable	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total Current Liabilities	<u>5,200</u>	<u>357</u>	<u>5,557</u>
Liabilities Payable from Restricted Assets			
Customer Deposits	-	14,076	14,076
Total Liabilities Payable from Restricted Assets	<u>-</u>	<u>14,076</u>	<u>14,076</u>
Long-Term Liabilities			
Bonds Payable	<u>16,000</u>	<u>-</u>	<u>16,000</u>
Total Long-Term Liabilities	<u>16,000</u>	<u>-</u>	<u>16,000</u>
Total Liabilities	<u>21,200</u>	<u>14,433</u>	<u>35,633</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	544,002	950,840	1,494,842
Restricted for Payment of Debt Service	21,200	-	21,200
Unrestricted	<u>10,944</u>	<u>26,997</u>	<u>37,941</u>
Total Net Assets	<u>\$ 576,146</u>	<u>\$ 977,837</u>	<u>\$ 1,553,983</u>

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement H

Statement of Revenues, Fund Net Assets
Proprietary Funds
For the Year Ended
June 30, 2012

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Utility Operating Revenue			
Charges for Water and Sewer	\$ 23,846	\$ 79,879	\$ 103,725
Other Income	50	220	270
Operating Grants	-	10,989	10,989
Total Operating Revenue	<u>23,896</u>	<u>91,088</u>	<u>114,984</u>
Operating Expenses			
Contract Labor	\$ 435	\$ 200	\$ 635
Depreciation Expense	26,164	43,795	69,959
Insurance	-	10,377	10,377
Office	132	2,652	2,784
Other Operating	8,327	8,467	16,794
Repairs and Maintenance	14	1,154	1,168
Salaries	3,840	42,757	46,597
Supplies	-	11,680	11,680
Utilities	5,508	3,240	8,748
Vehicle	-	4,339	4,339
Total Operating Expenses	<u>44,420</u>	<u>128,661</u>	<u>173,081</u>
Utility Operating Loss	(20,524)	(37,573)	(58,097)
Other Income and Deductions			
Interest and Dividend Revenue	81	140	221
Interest on Long-Term Debt	(1,000)	-	(1,000)
Total Other Income and Deductions	<u>(919)</u>	<u>140</u>	<u>(779)</u>
Income Before Transfers Out	<u>(21,443)</u>	<u>(37,433)</u>	<u>(58,876)</u>
Operating Transfer Out	<u>(3,754)</u>	<u>(816)</u>	<u>(4,570)</u>
Change in Net Assets	(25,197)	(38,249)	(63,446)
Total Net Assets, July 1, 2011	601,332	1,016,188	1,617,520
Prior Period Adjustment	11	(102)	(91)
Total Net Assets, June 30, 2012	<u>\$ 576,146</u>	<u>\$ 977,837</u>	<u>\$ 1,553,983</u>

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA

Statement I

Statement of Cash Flows
Proprietary Funds
June 30, 2012

	Sewer	Water	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 23,846	\$ 79,910	\$ 103,756
Cash Provided from Customer Deposits	-	300	300
Cash from Operating Grants	-	17,403	17,403
Other Cash Received	50	220	270
Cash Received for Safe Water Fees	-	(80)	(80)
Cash Paid to Employees for Services	(3,840)	(42,757)	(46,597)
Cash Paid to Suppliers	(14,416)	(42,138)	(56,554)
Prior Period Adjustment	11	(102)	(91)
Net Cash Provided by Operating Activities	<u>5,651</u>	<u>12,756</u>	<u>18,407</u>
Cash Flows from Non-Capital Financing Activities			
Transfers from (to) Other Funds	(3,754)	(816)	(4,570)
Net Cash Used by Non-Capital Financing Activities	<u>(3,754)</u>	<u>(816)</u>	<u>(4,570)</u>
Cash Flows from Capital and Related Financing Activities			
Principal Paid on Bond Debt	(4,000)	-	(4,000)
Interest Paid on Long Term Debt	(1,200)	-	(1,200)
Net Cash Provided for Capital and Related Financing Activities	<u>(5,200)</u>	<u>-</u>	<u>(5,200)</u>
Cash Flows from Investing Activities			
Cash Paid for Vehicle	-	(11,000)	(11,000)
Cash Paid for Land	-	(2,508)	(2,508)
Cash Invested in Certificate of Deposit	-	(127)	(127)
Interest and Dividend Income	81	140	221
Net Cash Provided by Investing Activities	<u>81</u>	<u>(13,495)</u>	<u>(13,414)</u>
Net Decrease in Cash and Cash Equivalents	(3,222)	(1,555)	(4,777)
Cash and Cash Equivalents-July 1, 2011	36,566	20,751	57,317
Cash and Cash Equivalents-June 30, 2012	<u>\$ 33,344</u>	<u>\$ 19,196</u>	<u>\$ 52,540</u>

Reconciliation of Cash and Cash Equivalents to the Balance Sheet

	End of Year	Beginning of Year
Cash and Cash Equivalents in Current and Accrued Assets	8,937	13,796
Restricted Cash and Cash Equivalents	43,603	43,521
	<u>\$ 52,540</u>	<u>\$ 57,317</u>

Reconciliation of Utility Operating Income to Net Cash Provided by Operating Activities

	Sewer	Water	Total
Utility Operating Income	\$ (20,524)	\$ (37,573)	(58,097)
Adjustments			
Depreciation Expense	26,164	43,795	69,959
Decrease in Accrued Liabilities	-	(109)	(109)
Increase in Customer Deposits	-	300	300
Decrease in Grants Receivables	-	6,414	6,414
Decrease in Customer Accounts Receivables	-	31	31
Prior Period Adjustment	11	(102)	(91)
Total Adjustments	<u>26,175</u>	<u>50,329</u>	<u>76,504</u>
Net Cash Provided by Operating Activities	<u>5,651</u>	<u>12,756</u>	<u>18,407</u>

See Accompanying Auditor's Report and Notes to Financial Statements

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Village of Bonita, Louisiana, (the "Village") operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor and three council members at large. The mayor and council members are paid a monthly salary. The Village is located in northeast Louisiana, its population is approximately 284, and it employs approximately 8 people other than the mayor and council members. As of June 30, 2012, the Village services approximately 176 utility customers and maintains approximately 5 miles of roads.

The following services are provided by the Village: general administrative services, public safety (police), public works (streets), sanitation (water and sewer), and public improvements.

The more significant of the Village's accounting policies are described below.

Basis of Presentation

The accounting and reporting policies of the Village of Bonita conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units.

Financial Reporting Entity

The Village's basic financial statements include the accounts of all Village operations. The criteria for including organizations as component units within the Village's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Village holds the corporate powers of the organization
- The Village appoints a voting majority of the organization's board
- The Village is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Village
- There is a fiscal dependency by the organization on the Village

Based on the previous criteria, the Village has determined that Sewer District No. 1 of Village of Bonita, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles, these financial statements present Village of Bonita, Louisiana, (the primary government) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality, are blended component units. For a

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality

Considered in the determination of component units of the reporting entity were Tenth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana, and Tenth Ward Volunteer Fire Department. It was determined that this governmental and volunteer entity is not a component unit of the Village's reporting entity.

A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

B. NET ASSETS/FUND BALANCES

In the Statement of Net Assets, the differences between a government's assets and liabilities are recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt-This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets-This category represents net assets not appropriate for expenditures or legally segregated for a specific future use.

Unrestricted Net Assets-All other net assets that do not meet the definition of the aforementioned.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

B. NET ASSETS/FUND BALANCES (Continued)

In the Balance Sheet of governmental funds, fund balances are segregated as follows

Nonspendable-Represents the amount that is not in a spendable form or is required to be maintained intact

Restricted-Represents the amount that has been constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation

Committed-Represents the amount constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint

Assigned-Represents the amount a government intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority

Unassigned-Represents the amount that is available for any purpose, these amounts are reported only in the general fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The municipality reports the following major governmental funds

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary funds

- Water and Sewer Fund

The Proprietary Fund is accounted for on a flow of economic resource measurements focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's proprietary operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. FIXED ASSETS AND LONG-TERM LIABILITIES

For the year ended June 30, 2012, no interest costs were capitalized for construction of fixed assets. All fixed assets with a cost of \$5,000 or more are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

D. FIXED ASSETS AND LONG-TERM LIABILITIES (Continued)

Water & Sewer System	40 Years
Buildings	50 Years
Equipment	5-10 Years
Vehicle	7 Years

E. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in these financial statements

- 1 The mayor and clerk of the Village prepare a proposed budget based on departmental group budget requests, and submit the same to the Board of Aldermen for approval
- 2 The Village does utilize the budget in comparison form in financial statement presentation during the year
- 3 All budgetary appropriations lapse at the end of the fiscal year
- 4 The Village does not utilize encumbrance accounting

F. CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2012

	Unrestricted	Restricted	Total
Cash			
Non-interest Bearing Demand Deposits	\$ 15,572	\$ 5,093	\$ 20,665
Time Deposits	-	85,079	85,079
Petty Cash	444	-	444
Total Cash	<u>16,016</u>	<u>90,172</u>	<u>106,188</u>
Investments			
Certificate of Deposit	-	11,768	11,768
Total Investments	<u>-</u>	<u>11,768</u>	<u>11,768</u>
Total Cash & Investments	<u>\$ 16,016</u>	<u>\$ 101,940</u>	<u>\$ 117,956</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with fiscal agent.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

F. CASH AND INVESTMENTS (Continued)

At June 30, 2012, the carrying amount and bank balance of the Village's deposits and investments (excluding petty cash of \$444) were \$117,956. At June 30, 2012, the total amount of cash covered by federal depository insurance was \$117,956.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

These three levels of risk are as follows:

- Category 1 Deposits which are insured or collateralized with securities held by its agent in the Village's name
- Category 2 Deposits, which are collateralized with securities, held by the pledging financial institution's trust department or agent in the Village's name
- Category 3 Deposits which are not collateralized or insured

Based on these three levels of risk, all of the Village's cash deposits are classified as Category 1.

There were no repurchase or reverse purchase agreements at June 30, 2012.

G. RECEIVABLES

Accounts receivable for the period ending June 30, 2012 were as follows:

	Enterprise Fund Water & Sewer Fund	Governmental Fund General Fund	Total
Property Tax	\$ -	\$ 2,410	\$ 2,410
Customer	10,466	-	10,466
Total	\$ 10,466	\$ 2,410	\$ 12,876

At June 30, 2012, no reserve for bad debts in the general and proprietary funds was required, since the management estimates uncollectable receivable outstanding is immaterial.

H. COMPENSATED ABSENCES

Full-time employees of the Village earn from two to four weeks of annual leave and three to five days of sick leave each anniversary year of employment, depending on length of service. Nine paid holidays are earned each calendar year by full-time employees. The Mayor, subject to the approval of the Board of Aldermen, may grant additional sick leave if warranted by the circumstances and additional paid holidays. Upon resignation or retirement, employees are compensated for annual leave earned but not taken during the current anniversary year of employment at the employee's current rate of pay. Employees are not compensated for non-vesting accumulated sick leave or paid holidays upon termination of employment. In governmental funds, the cost of annual leave, sick leave, and paid holidays is recognized as current year expenditure within the various funds when either is actually taken or when employees are paid for

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

H. COMPENSATED ABSENCES (Continued)

accrued annual leave upon resignation or retirement. The cost of annual leave privileges not requiring current resources of the governmental funds is considered quantitatively immaterial in relation to the financial statements taken as a whole.

I. SINKING, RESERVE, AND DEPRECIATION AND CONTINGENCY ACCOUNTS

The resolutions authorizing the waterworks and sewer revenue bonds require that the Village establish for each issuance a sinking, reserve, and depreciation and contingency account. Monthly amounts are to be deposited into the sinking accounts equal to one-twelfth of the total amount of principal and interest falling due in the ensuing year. A sum at least equal to 5% of the amounts deposited into the sinking accounts should be deposited into the reserve accounts until such time as there has been accumulated a total equal to the highest combined principal and interest payable in any future year. Amounts specifically designated by each of the bond resolutions are to be deposited into the depreciation and contingency accounts on a monthly basis. On December 30, 2009, the final payment of \$10,500 was made to United States Department of Agriculture for the water works bond.

At June 30, 2012, the deposit requirement of the sewer revenue bond account was met as follows:

Sewer Revenue Bond				
	Sinking	Reserve	Depreciation/ Contingency	Total
Required	\$ 10,400	\$ 10,800	\$ 14,208	\$ 35,408
Total Funded	34,368	26,171	14,675	75,214
Funding Excess	<u>\$ 23,968</u>	<u>\$ 15,371</u>	<u>\$ 467</u>	<u>\$ 39,806</u>

II. AD VALOREM, SALES & USE TAXES

For the year ended June 30, 2012, ad valorem taxes of 18.60 mills were levied on property with assessed valuations totaling \$1,166,395 as follows:

	Authorized Millage	Levied Millage	Expiration Date
General Corporate Purposes	8.22	8.22	Perpetual
Debt Service	10.38	10.38	2016

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

II. AD VALOREM, SALES & USE TAXES (Continued)

The following is the principal ad valorem taxpayer for the Village

Taxpayer	Assessed Valuation	Percentage of Total Assessed Valuation	Ad Valorem Tax Revenue
Northeast Louisiana Telephone Company, Inc	\$ 407,880	34.97%	\$ 7,587

Total ad valorem taxes levied were \$21,394 As of June 30, 2012, uncollected ad valorem taxes were \$2,410

For the year ended June 30, 2012, the Village had the following sales and use taxes

	School Board	Police Jury	Sheriff	City/Town 10 Yr Renewal	City/Town Lawful Corporate	Total
Percentage	2%	0 5%	0 5%	1%	1%	5%
Expiration	09/30/14	04/30/15	12/31/19	Indefinite	06/30/20	

2% of the sales and use taxes are levied for use by the Village, 1% for any lawful corporate purposes and 1% to support the Village's General Fund The 1% for any lawful corporate purposes will expire on June 30, 2020, and the 1% to support the Village's General Fund has an indefinite expiration

III. RESTRICTED ASSETS-PROPRIETARY FUND TYPES

At June 30, 2012, restricted assets of the Proprietary Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes

	Water	Sewer	Total
Bond Sinking	\$ 3,065	\$ 5,666	\$ 8,731
Meter Deposit	16,861	-	16,861
Bond Reserve	3,741	8,315	12,056
Depreciation & Contingencies	3,048	14,675	17,723
Total	\$ 26,715	\$ 28,656	\$ 55,371

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

IV. FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group is as follows

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Land	\$ 40,129	\$ -	\$ -	\$ 40,129
Buildings	120,079	-	-	120,079
Playground				
Equipment	5,786	-	-	5,786
Streets & Drainage	816,556	-	-	816,556
Furniture and				
Equipment	16,096	-	-	16,096
Vehicles	81,309	-	-	81,309
Depreciation	(566,390)	(20,510)	-	(586,900)
Total	<u>\$ 513,565</u>	<u>\$ (20,510)</u>	<u>\$ -</u>	<u>\$ 493,055</u>

A summary of the Proprietary Fund fixed assets and depreciation at June 30, 2012, is as follows

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Land	\$ 4,250	\$ 2,508	\$ -	\$ 6,758
Water & Sewer System	2,221,750	-	-	2,221,750
Equipment	124,626	-	-	124,626
Vehicles	9,584	11,000	-	20,584
Depreciation	(788,917)	(69,959)	-	(858,876)
Total	<u>\$ 1,571,293</u>	<u>\$ (56,452)</u>	<u>\$ -</u>	<u>\$ 1,514,842</u>

V. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2012

	General Obligation Bonds	Sewer Revenue Bonds	Totals
Long-term Debt			
Payable-July 1, 2011	\$ 24,000	\$ 24,000	\$ 48,000
Retirements	<u>(4,000)</u>	<u>(4,000)</u>	<u>(8,000)</u>
Long-term Debt			
Payable-June 30, 2012	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 40,000</u>

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

V. CHANGES IN LONG-TERM DEBT (Continued)

Long-term debt is comprised of the following individual issues

General Obligation Bonds

\$46,000 Public Improvement Bonds - dated October 14, 1976, due in annual installments ranging from \$500 to \$2,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14th of each year

\$46,000 Sewer District No. 1 Bonds - dated October 14, 1976, due in annual installments ranging from \$500 to \$2,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14th of each year

Revenue Bonds

\$121,000 Sewer Revenue Bond - dated October 14, 1976, due in annual installments ranging from \$2,000 to \$4,000 through October 14, 2016, bear interest at 5%, principal and interest payable October 14th of each year

The annual requirements to amortize all long-term debt as of June 30, 2012, are as follows

Year Ended June 30,	General Obligation Bonds	Sewer Revenue Bonds	Totals
2013	\$ 4,000	\$ 4,000	\$ 8,000
2014	4,000	4,000	8,000
2015	4,000	4,000	8,000
2016	4,000	4,000	8,000
2017	4,000	4,000	8,000
Totals	\$ 20,000	\$ 20,000	\$ 40,000

At June 30, 2012, \$40,000 is available for debt service to the general obligation bonds and sewer revenue bonds

The annual requirements to amortize all interest related to long-term debt as of June 30, 2012, are as follows

Year Ended June 30,	General Obligation Bonds	Sewer Revenue Bonds	Totals
2013	\$ 1,000	\$ 1,000	\$ 2,000
2014	800	800	1,600
2015	600	600	1,200
2016	400	400	800
2017	200	200	400
Totals	\$ 3,000	\$ 3,000	\$ 6,000

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

VI. FUND BALANCE-RESERVED

The general obligation bond ordinance requires that the excess assets over liabilities in the Debt Service Funds be restricted for such debt service requirements

VII. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VIII. ENCUMBRANCES

The Village does not utilize encumbrance accounting.

IX. ELECTED OFFICIALS SALARIES

Name	Title	Annual Salary	Date of Service
Baker, Floyd	Mayor	\$ 6,000	07/01/11-06/30/12
Anderson, Ezekiel, Jr	Alderman	1,200	07/01/11-06/30/12
Brown, Margarite S	Alderdwoman	1,200	07/01/11-06/30/12
Polk, Richard	Alderman	1,200	07/01/11-06/30/12

X. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Village carries commercial insurance for all risks of loss, including workers' compensation. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years. The Village participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibles of any related receivable at June 30, 2012, may be impaired. In the opinion of the Village's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

XI. ON-BEHALF PAYMENTS FOR SALARIES

For the year ended June 30, 2012, the Village recognized revenues and expenditures of \$6,000 in salary supplements from the State of Louisiana paid directly to an employee of the police department.

Village of Bonita, Louisiana
Notes to Financial Statements (Continued)

XII. COMMITMENTS

The Village of Bonita, Louisiana received assistance from Louisiana Local Government Assistance Program, and State of Louisiana Division of Administration Office of the Commissioner (CWEF) in the form of grants and reimbursements totaling \$10,988. The funds were used for repairs and to acquire a vehicle.

XIII. PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2012, the Village had a prior period adjustment due to an understatement of expenses in the amount of \$1,998.

XIV. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 11, 2012, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF BONITA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
Year Ended June 30, 2012

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance	
	Budget	Final				\$	%
REVENUE							
Taxes	\$ 47,700	\$ 47,700	\$ 51,600	\$ -	\$ 51,600	\$ (3,900)	-8%
Licenses and Permits	6,600	6,600	11,251	-	11,251	(4,651)	-70%
Intergovernmental	-	-	6,000	-	6,000	(6,000)	-100%
Fines and Forfeitures	80,225	80,225	80,122	-	80,122	103	0%
Interest and Miscellaneous	3,275	3,275	2,641	-	2,641	634	19%
Total Revenues	137,800	137,800	151,614	-	151,614	(13,814)	-9%
EXPENDITURES							
Current							
General Government	68,870	68,870	70,194	(20,510)	90,704	(1,324)	-2%
Public Safety	63,730	63,730	85,960	-	85,960	(22,230)	-35%
Debt Service							
Principal Retirement	4,000	4,000	4,000	-	4,000	-	0%
Interest	1,200	1,200	1,200	-	1,200	-	0%
Total Expenditures	137,800	137,800	161,354	(20,510)	181,864	(23,554)	-15%
Excess (Deficiency) of Revenues Over Expenditures	-	-	(9,740)	20,510	(30,250)	9,740	100%
OTHER FINANCING SOURCES (USES)							
Transfers to Other Funds	-	-	4,570	-	4,570	(4,570)	-100%
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	(5,170)	20,510	(25,680)	5,170	100%
Fund Balances (Deficit) , Beginning	57,866	57,866	57,866	-	546,031	-	0%
Prior Period Adjustment	-	-	(1,907)	-	(1,907)	1,907	100%
Fund Balances, Ending	\$ 57,866	\$ 57,866	\$ 50,789	\$ 20,510	\$ 518,444	\$ 7,077	14%

See Accompanying Auditor's Report and Notes to Financial Statements

OTHER REPORTS

VILLAGE OF BONITA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH MANAGEMENT'S PLANNED CORRECTIVE ACTION Year Ended June 30, 2012

I have audited the general-purpose financial statements of Village of Bonita, Louisiana, as of and for the year ended June 30, 2012, and have issued my report thereon dated September 11, 2012. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2012, resulted in an unqualified opinion.

Section I – Summary of Auditor's Reports

Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Internal Control

Significant Deficiency ☒ Yes ☐ No

Material Weakness ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

Section II – Financial Statement Findings

2012-1	Inadequate Segregation of Duties (finding was cited in first audit conducted by my firm as of and for the year ended June 30, 2003)
Criteria	Adequate segregation of duties is essential to a proper internal control structure
Condition	The segregation of duties is inadequate to provide effective internal control
Cause	The condition is due to economic and space limitations
Effect	Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business
Recommendation	In those instances where duties cannot be fully segregated, mitigating or compensating controls must be established, such as documented detailed reviews by an appropriate supervisor or employee

Village Of Bonita, Louisiana
Schedule Of Findings And Questioned Costs With Management's
Planned Corrective Action (Continued)

Management's response and
Planned corrective action

Management concurs with the findings regarding inadequate segregation of duties, which creates risks that errors or irregularities could take place and may not be detected in a timely manner, or in the normal course of business due to economic and space limitations. However, compensating controls have been established and thus, all activities will be documented and reviewed by an appropriate supervisor or employee on a regular basis.

2012-2 Net Operating Loss in Enterprise Fund

Criteria	The Village's waterworks and sewer revenue bond resolutions require that the Village "fix and maintain rates and collect charges for all services and facilities to be rendered by the system sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system " as well as other cash requirements
Condition	The Village's Enterprise Fund continues to incur operating losses
Cause	The water and sewer operating expenses are greater than the revenue generated by the enterprise fund
Effect	The Village is in violation of the bond resolutions
Recommendation	The rate structure is currently sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system " as well as other cash requirements. However, the Village should establish and monitor a budget for the enterprise fund, which would minimize the risk of operating expenses being greater than revenue generated by the enterprise fund

Management's response and
planned corrective action

Management concurs with the findings and recommendations. A budget will be established and monitored for the enterprise fund, which would minimize the risk of operating expenses being greater than revenue generated by the enterprise fund. Management would like to emphasize the fact that there has been extensive capital outlay for improvements to the water system. As a result, the net cash flow from the Enterprise Fund has been positive for the past three years. Management would like to emphasize the operating loss is due to depreciation, which is a non-cash expense.

Section III – Management Letter

Not Issued

VILLAGE OF BONITA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2012

Section I – Financial Statement Findings

2012-1 Inadequate Segregation of Duties **Unresolved-2011-1.**

Adequate segregation of duties is essential to a proper internal control structure.

2012-2 Net Operating Loss in Enterprise Fund **Unresolved-2011-2.**

The Village's waterworks and sewer revenue bond resolutions require that the Village "fix and maintain rates and collect charges for all services and facilities to be rendered by the system sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system . " as well as other cash requirements

2012-3 Inadequate Control Over Utility Meter Deposits **RESOLVED-2011-3.**

Adequate controls should be in place to ensure the safeguarding of all cash collections until deposited

Section II – Management Letter

No outstanding issues.